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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte CASSANDRA J. MOLLETT and THOMAS E. BURNSIDE

Appeal 2007-2430
Application 09/474,576
Technology Center 3600

Decided: January 28, 2008

Before HUBERT C. LORIN, ANTON W. FETTING, and
JOSEPH A. FISCHETTI, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Mollett, et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 9-16. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM but denominate the rejection as a new ground of rejection under 37 C.F.R. § 41.50(b).¹

THE INVENTION

The Appellants' claimed invention is to a system and method "of determining collectability of a check writer from a database including information of the check writer for check writing approval or denial. (Specification 1:4-6). According to the Specification, current systems to perform check approval are adequate but can be improved. (Specification 2:13-14). The instant system begins with a database containing "distributed negative files" (see element 18 of Fig. 1). Distributed negative files "contain[ing] names and/or identification of check writers who have been labeled as "negative check writers" based on historical check writing information. The distributed negative file typically is provided by check acceptance companies such as Telecheck Services, Inc. Typically, merchants use the distributed negative file as needed for check verification purposes." (Specification 2:14-20). The invention involves manipulating the information in the distributed negative file so as to "[determine] the collectability of a check writer such that collectible customers may be

¹ Our decision will make reference to Appellants' Appeal Brief ("App. Br.," filed Sep. 22, 2003), the Examiner's Answer ("Answer," mailed May. 8, 2006), and Appellants' Reply Brief ("Reply Br.," filed Jun. 29, 2006).

distinguished from non-collectible or least collectible customers.”

(Specification 3:14-16). The invention accomplishes this by “[classifying] the check writer information within a predetermined category.”

(Specification 7:14-15). Categories may correspond to risk scores given to check writers based on negative information. (Specification 5:21-25). “For example, as shown in Figure 3, a risk score of 50 falls in a range or predetermined category between ‘0-100’ risk scores. Thus, such risk score is labeled non-collectible, a pre-set category. In this embodiment, a higher risk score provides a more favorable analysis for the check writer. Thus, a risk score of 350 labels the check writer as a collectible customer. On the contrary, a risk score of 100 or lower labels the respective check writer as a non-collectible customer.” (Specification 7:20-25). The invention also includes a step of removing check writing information where the risk is determined to fall outside a predetermined category. “For example, if the check writer information has a risk score that falls within 101-400, microprocessor 14 [see Fig. 1] labels the check writer as a collectible customer, then the check writer information is removed from the negative file 18.” (Specification 8:3-5). Negative file 18 is then saved as “scrubbed file 20” [see Fig. 1], a file which merchants can access. (Specification 8:5-9). “On the contrary, for example, if the check writer information has a risk score that falls between 0-100, microprocessor 14 labels the check writer as a non-collectible customer, then the information of the check writer is

retained within scrubbed file 20. As a result, when a merchant access a scrubbed distributed negative file, the check writer information will be accessed, more than likely resulting in a denial to the check writer.”
(Specification 8:13-17).

Accordingly, the invention involves using a database where information in known distributed negative files are labeled according to predetermined categories (e.g., risk scores) and information falling outside a preset category (e.g., non-collectible) is removed, and saving the resulting information in a file accessible to merchants.

Claims 9 and 14, reproduced below, are representative of the subject matter on appeal.

9. A method for determining the collectability of check writers, the method comprising:

storing a negative file in a database, the negative file including negative information about each check writer of a plurality of check writers;

classifying each check writer into one of a plurality of categories;

modifying the negative file by removing the negative information for each check writer classified within a pre-determined set for the categories and retaining the negative information for each check writer not classified within the pre-determined set of categories; and

labeling each check writer classified within

the pre-determined set of categories as collectible and labeling each check writer not classified within the pre-determined set of categories as non-collectible.

14. A system for determining the collectability of check writers, the system comprising:

a database containing a negative file, the negative file including negative information of a plurality of check writers; and

a processor in communication with the database, the processor operative to:

(a) classify individual check writers of the plurality of check writers as one of a plurality of pre-determined categories,

(b) modify the negative file by removing the negative information of the individual check writers classified within a pre-determined set of the plurality of pre-determined categories and retaining the negative information of the individual check writers not classified within the pre-determined set of the plurality of pre-determined categories; and

(c) label the individual check writers classified within a pre-determined set of the plurality of pre-determined categories as collectible and labelling the individual check writers not classified within the pre-determined set of the plurality of pre-determined categories as non-collectible.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Templeton

US 5,679,940

Oct. 21, 1997

The following rejections are before us for review:

1. Claims 9-16 are rejected under 35 U.S.C. § 103(a) as unpatentable over Templeton.

ISSUES

The issue before us is whether the Appellants have shown that the Examiner erred in rejecting claims 9-16 as unpatentable over Templeton. This issue turns on whether Templeton would have led one having ordinary skill in the art to a method and system using categories to remove certain negative information from a negative file.

FINDINGS OF FACT

We find that the following enumerated findings are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

The scope and content of the prior art

1. Templeton is directed to a check acceptance system involving an authorization computer 35 (see Fig. 1) which differentiates between good and bad checks (col. 12, ll. 52-54) and which is accessible by merchants. The system includes a merchant file 100 that includes data on the service's merchant clients (col. 12, ll. 66-67) as well as a negative database (85) (or "file" (col. 13, l. 18)), a positive database (87), and a scoring algorithm or predictive modeling system (90). Col. 12, ll. 52-58. Merchant parameters are provided in the merchant file 100 and are used by the "predictive modeling system 90 to score the transaction and determine a transaction score, which indicates the probability that the check will be good, is within the parameters." Col. 13, ll. 8-13.
2. Templeton's negative file 85 "contains bad check data that has been accumulated by the check acceptance service. This data may be accessed using the customer's checking account number, driver's license number, or other transaction data. The negative file 85 includes data indicating that previous checks tendered by the customer were returned for some reason, and have not been collected." Col. 13, ll. 18-25.
3. Providing fields in a database to label and categorize information collected in a database is well known.

4. Selectively removing information from a database is well known.

Any differences between the claimed subject matter and the prior art

5. Templeton does not show a database using categories to remove certain negative information from the negative file or to remove such information.

The level of skill in the art

6. Neither the Examiner nor the Appellants has addressed the level of ordinary skill in the pertinent arts of tracking items and data formatting. We will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (“[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error ‘where the prior art itself reflects an appropriate level and a need for testimony is not shown’”) (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 807 F.2d 955, 963 (Fed. Cir. 1985).

Secondary considerations

7. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int’l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 148 USPQ 459, 467 (1966). *See also KSR*, 127 S.Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”) The Court in *Graham* further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” 383 U.S. at 18.

ANALYSIS

Rejection of claims 9-13 as unpatentable over Templeton.

The Appellants group claims 9-13 as a first group (App. Br. 7). We select claim 9 as the representative claim for this first group, and the

remaining claims 10-13 stand or fall with claim 9. 37 C.F.R. § 41.37(c)(1) (vii) (2007).

The Examiner found that Templeton discloses all of the steps of claim 9 except that “Templeton does not specifically indicate that the negative file 85 is modified by removing the negative information.” (Answer 4). The Examiner relied on the teaching in Templeton that files are updated (relying on col. 5, ll. 20-45) (Answer 4), that Templeton “inherently contains categories to ascertain whether a check will be honored or not” (Answer 4), and common knowledge “that negative information, e.g., honest mistakes of an individual and/or banking institution, are removed from [one’s] credit reports when assessing whether or not to cash a check” (Answer 4).

The Examiner determined that “even though not directly addressed by Templeton, to have provided a modification of a negative file by removing negative information for Templeton would have been obvious to one of ordinary skill in the art.” Answer 4-5. See also Reply Br. 3.

The Appellants argue that “Templeton neither teaches nor suggests removing negative information from a negative file, for any reason or by any means, let alone by classifying check writers into categories.” App. Br. 9.

We do not find Appellants’ arguments persuasive.

Templeton discloses the claimed step of “storing a negative file in a database, the negative file including negative information about each check writer of a plurality of check writers.” FF 1 and 2. The only question is

whether it would have been obvious over Templeton to one of ordinary skill in the art to classify and label the information in Templeton's negative database and remove certain information falling outside a pre-set category. Given that it is well known in the art to use databases to label and classify information (FF 3) and to selectively remove information from a database (FF 4), it would have been obvious to one of ordinary skill in the art to label and classify the information in Templeton's negative database and selectively remove some of the information.

Accordingly, we find each step claimed performs as one of ordinary skill in the art would expect it to perform from reading Templeton and knowing that it is well known to label and categorize information collected in a database and to selectively remove information from the database. The steps claimed do no more than what one would expect if the common database techniques of classifying and removing information were applied to the information stored in Templeton's "negative" database. "The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *KSR Int'l v. Teleflex Inc.*, 127 S.Ct. 1727, 1739, 82 USPQ2d 1385, 1395 (2007). In that regard, Appellants have not shown that the claimed method yields an unexpected result.

As part of their argument, the Appellants rely on the words used in the claim to label the information categorized in the negative file as "collectible"

and “non-collectible” and the information being removed as “negative.” However, these are descriptions of the information being categorized and removed that do not functionally change the data storage system used by the method. They are non-functional descriptive matter and, as such, are patentably inconsequential. See *In re Ngai*, 367 F.3d 1336 (Fed. Cir. 2004). See also *Ex parte Curry* (BPAI 2005) (informative) (<http://www.uspto.gov/web/offices/dcom/bpai/its/fd050509.pdf>).

Rejection of claims 14-17 as unpatentable over Templeton.

The Appellants group claims 14-17 as a second group (App. Br. 9). We select claim 14 as the representative claim for this second group, and the remaining claims 15-17 stand or fall with claim 14. 37 C.F.R. § 41.37(c)(1) (vii) (2007).

The Appellants rest on their arguments made with respect to the rejection of claims 9-13. Since we do not find the Appellants’ arguments with respect to that rejection persuasive, we reach the same conclusion as to the rejection of claims 14-19.

CONCLUSIONS OF LAW

We conclude the Appellants have failed to show that the Examiner erred in rejecting claims 9-16 as unpatentable over Templeton.

DECISION

The decision of the Examiner to reject claims 9-16 is affirmed but, because our rationale is substantially different from that used by the Examiner, we denominate this as new grounds of rejection under 37 C.F.R. § 41.50(b).

This decision contains a new ground of rejection pursuant to 37 C.F.R.

§ 41.50(b) (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off. Gaz. Pat. Office 21 (September 7, 2004)). 37 C.F.R.

§ 41.50(b) provides “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.”

37 CFR § 41.50(b) also provides that the appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

- 1• (1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner
- 2• (2) Request rehearing. Request that the proceeding be reheard under § 41.52 by the Board upon the same record

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3 No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R.

§ 1.136(a)(1)(iv) (2006).

AFFIRMED; 37 C.F.R. § 41.50(b)

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